

BEAR LAKE REGIONAL COMMISSION

Annual Financial Report

FOR THE YEAR ENDED JUNE 30, 2006

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BEAR LAKE REGIONAL COMMISSION

Annual Financial Report

For the Year Ended June 30, 2006

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GARY H. TEUSCHER
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110 North 8th Street
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INDEPENDENT AUDITOR'S REPORT

Executive Committee
Bear Lake Regional Commission
Fish Haven, Idaho 83261

Gentlemen:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Bear Lake Regional Commission as of and for the year ended June 30, 2006, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *GOVERNMENT AUDITING STANDARDS*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bear Lake Regional Commission as of June 30, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 29, 2006, on my consideration of the Bear Lake Regional Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *GOVERNMENT AUDITING STANDARDS* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion of the financial statements that collectively comprise the Commission's basic financial statements. The combining financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Bear Lake Regional Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.



August 29, 2006

BEAR LAKE REGIONAL COMMISSION

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDING JUNE 30, 2006

The following is a discussion and analysis of the Bear Lake Regional Commission's financial performance providing an overview of the Commission's financial activities for the year ending June 30, 2006. The report is in conjunction with the Commission's financial statements.

Financial Highlights

Total net assets of the Commission were \$246,006.00 as of the close of the most recent year. Of this amount, \$113,920.00 (unrestricted net assets) may be used to meet its ongoing obligations. The total net assets of the Commission increased by \$139,165.00.

Overview Of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements and notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements themselves.

The Commission reports multiple funding sources. Revenues are recognized when received and expenses are recognized in the period in which they are incurred.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds for the Commission come from external sources.

Governmental Funds - The Commission maintains numerous funds from different funding sources. Financial resources come from both State, local, and private sources. State funds come from Utah and Idaho while local funds are derived from Bear Lake County, Idaho and Rich County, Utah. Private funding comes from Pacificorp. These funds are used to leverage additional monies in the form of grants.

Proprietary Funds - The Commission maintains one proprietary fund, the Internal Service Fund.

Financial Statement Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Commission's financial position. Net assets have increased in both of the last two years as shown below. The balances include both governmental and proprietary funds.

Bear Lake Regional Commission's Net Assets

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Current and Other Assets	246,191	116,476	95,332
Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	246,191	116,476	95,332
Current Liabilities	185	9,635	92
Long-term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	185	9,635	92
Fund Net Assets			
Invested in Capital Assets, Net of Related Debt	-	-	-
Restricted	132,086	-	-
Unrestricted	<u>113,920</u>	<u>106,841</u>	<u>95,240</u>
Total Fund Net Assets	<u>246,006</u>	<u>106,841</u>	<u>95,240</u>

Bear Lake Regional Commission's Change in Net Assets

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues	500,469	328,788	304,572
Expenditures	(361,304)	(317,187)	(290,025)
Change in Net Assets	139,165	11,601	14,547
Net Assets - Beginning of Year	<u>106,841</u>	<u>95,240</u>	<u>80,693</u>
Net Assets - End of Year	<u>246,006</u>	<u>106,841</u>	<u>95,240</u>

Capital Assets

The Bear Lake Regional Commission has no capital assets. Office space is rented. Office equipment was expensed because of costs being under the capitalization amount of \$5000.00.

Long-term Debt

At the end of the current year, the Bear Lake Regional Commission had no outstanding debt.

Requests for Information

This financial report is designed to provide a general overview of the Bear Lake Regional Commission's finances for all those with an interest. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Bear Lake Regional Commission in care of Allen Harrison at P.O. Box 26, Fish Haven, ID 83287.

BEAR LAKE REGIONAL COMMISSION

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	221,994		221,994
Receivables, Net	24,197		24,197
Capital Assets, Net of Depreciation			
Machinery and Equipment	-	-	-
Total Capital Assets	-	-	-
Total Assets	<u>246,191</u>	<u>-</u>	<u>246,191</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	185		185
Internal Balances	-	-	-
Total Current Liabilities	<u>185</u>	<u>-</u>	<u>185</u>
Noncurrent Liabilities:			
Total Noncurrent Liabilities	-	-	-
Total Liabilities	<u>185</u>	<u>-</u>	<u>185</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	-	-
Restricted	132,086		132,086
Unrestricted	<u>113,920</u>	<u>-</u>	<u>113,920</u>
Total Net Assets	<u>246,006</u>	<u>-</u>	<u>246,006</u>

*The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

General Revenues:

Interest

Total General Revenue & Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

*The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

Balance Sheet
Governmental Funds

June 30, 2006

	<u>General Fund</u>
<u>Assets</u>	
Cash	170,177
Accounts Receivable	<u>24,197</u>
Total Assets	<u>194,374</u>
<u>Liabilities</u>	
Accounts Payable	185
Due to Other Funds	<u>-</u>
Total Liabilities	185
<u>Fund Balance</u>	
Restricted	132,086
Unrestricted	<u>62,103</u>
Total Fund Balance	<u>194,189</u>
Total Liabilities and Fund Balance	<u>194,374</u>

Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Assets

Total fund balance for governmental funds 194,189

Internal service fund used by the Commission to charge for vehicle expense, equipment and miscellaneous expense, insurance deductible expense and severance expense. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. Internal service fund net assets are

51,817

Total net assets of governmental activities

246,006

*The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

Statement of Revenue, Expenditures and Changes in Fund Balance
of Governmental Funds

For the Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
<u>Revenues</u>	
Services	31,933
Private Grants	26,000
Federal & State	380,003
Local Contributions	38,000
Interest	<u>8,124</u>
Total Revenues	<u>484,060</u>

<u>Expenditures</u>	
Overhead	22,817
Salaries	155,916
Benefits	62,728
Supplies	14,192
Travel	18,243
Equipment & Maintenance	-
Printing	195
Sub-Contract	65,740
Miscellaneous	<u>8,032</u>
Total Expenditures	<u>347,863</u>

Excess Revenues (Expenditures)	<u>136,197</u>
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Other Financing Sources(Uses)

Total Other Financing Sources Uses	<u>-</u>
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Net Change in Fund Balances	136,197
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Fund Balance - Beginning	<u>57,992</u>
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Fund Balance - Ending	<u>194,189</u>
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Reconciliation of the Statement Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Net Changes in fund Balance - Governmental Fund	136,197
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Internal service funds are used by the Commission to charge for vehicle expense, equipment and miscellaneous expense, insurance deductible expense and severance expense. The net revenue of the internal service fund is included in governmental activities in the Statement of Activities. 2,968

Change in net assets of governmental activities	<u>139,165</u>
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*The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

Statement of Net Assets
Proprietary Funds

June 30, 2006

Internal
Service

Assets

Cash	51,817
Due from Other Funds	<u>-</u>
Total Assets	<u>51,817</u>

Liabilities

Accounts Payable	<u>-</u>
Total Liabilities	<u>-</u>

Net Assets

Invested in Capital Assets, Net of Related Debt	-
Restricted	-
Unrestricted	<u>51,817</u>
Total Net Assets	<u>51,817</u>

*The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2006

Internal Service Funds

Operating Revenue

Services and Miscellaneous	52
Car Mileage	7,064
Insurance Deductible	<u>7,200</u>
Total Operating Revenues	<u>14,316</u>

Operating Expenses

Vehicle Expense	4,738
Equipment & Misc.	3,068
Insurance Deductible Expense	5,635
Severance Expense	<u>-</u>

Total Operating Expenses 13,441

Operating Income 875

Non-operating Revenues (Expenses)
Interest

2,093

Total Non-operating Revenues
(Expenses)

2,093

Income before contributions and transfers 2,968
Transfers in (out) -

Changes in Net Assets 2,968

Net Assets - Beginning 48,849

Net Assets - Ending 51,817

*The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2006

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATIONS	
Cash Received From Customers and Users	14,316
Cash Payments From Service and Supplies	(13,441)
Cash Payments For Personnel Costs	<u>-</u>
Net Cash Provided (Used) by Operations	875
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers To (From) Other Funds	-
Net Cash Provided (Used) by Noncapital Financing Actiivites	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Received From Interest	<u>2,093</u>
Net Cash Provided (Used) by Investing Activities	<u>2,093</u>
Net Increase in Cash and Cash Equivalents	2,968
Cash and Cash Equivalent - Beginning	<u>48,849</u>
Cash and Cash Equivalent - Ending	<u><u>51,817</u></u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities	
Operating Income (Loss)	875
Add Depreciation Expense	-
(Increase)/Decrease in Current Assets	
Fees Receivable, Net of Allowances for Uncollectables	-
Increase/(Decrease) in Current Liabilities	
Accounts Payable	<u>-</u>
Net Cash Flows from Operating Activities	<u>875</u>

* The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION

Notes to Financial Statements June 30, 2006

I. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bear Lake Regional Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. This is the third year the Commission has implemented GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Significant Commission accounting policies are described below. The Commission's financial statements includes the accounts of all operations. The accounting policies of the Commission conform to generally accepted accounting principles as applicable to governments. The following is a summary of such significant policies:

A. Financial Reporting Entity

The Bear Lake Regional Commission is organized and operates as a Bi-State agency under the laws of the States of Idaho and Utah.

The financial statements of the Commission consist of the funds and account groups of the Commission. The Commission has no oversight responsibility for any other governmental entity. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The Commission has no component units.

B. Government-Wide Statements and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and any component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

BEAR LAKE REGIONAL COMMISSION

Notes to Financial Statements
June 30, 2006

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

The Commission reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government.

The Commission reports the following major proprietary funds:

The Internal Service fund is used by the Commission for vehicle expense, equipment and miscellaneous expense, insurance deductible expense and severance expense.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally results from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund's are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services,

BEAR LAKE REGIONAL COMMISSION

Notes to Financial Statements June 30, 2006

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

Cash includes amounts in demand deposits as well as highly liquid investments with maturity dates of thirty days or less.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans), or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements. Prior to June 30, the Commission holds hearings on a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

During the fiscal year, the Board of the Commission may amend the annual appropriated budget by unanimous resolution in case of an emergency, through the courts, or by the budget hearing process. The appropriated budget can only be increased by an amount equal to unanticipated revenues. In no event can property taxes be increased. Management at departmental level does not have authority to amend the budget.

B. ACCUMULATED UNPAID VACATION, SICK PAY AND OTHER EMPLOYEE BENEFIT AMOUNTS

Employees accrue vacation time at differing rates and sick leave at the rate of eight hours per month. It is the Commission's policy to permit employees to accumulate up to 30 days of earned but unused vacation leave which would be paid to the employee upon separation from service. Accumulated sick leave is paid by a formula up to 42 days upon separation from service. It is estimated the potential liability for accrued, unpaid vacation, sick leave and employee benefits would be \$76,041.79 as of June 30, 2006.

BEAR LAKE REGIONAL COMMISSION

Notes to Financial Statements

June 30, 2006

III. DETAILED NOTES ON ALL FUNDS

A. Insurance

The Commission carries various types of insurance and bonds. Based on review of insurance policies, it was determined that the commission carries adequate insurance.

B. Deposits and Investments

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

1. Custodial Credit Risk

Custodial credit risk for deposits is the risk in the event of a bankfailure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The act requires all deposits if the local government to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been cerified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006 \$0.00 of the local government's bank balances of \$22,253.74 were unisured and uncollateralized.

2. Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balances.

For the year ended June 30, 2006, the local governments had investments of \$208,064.44 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

BEAR LAKE REGIONAL COMMISSION

Notes to Financial Statements June 30, 2006

3. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

The Commission maintains a cash pool that is used by all funds. Each fund's portion of the pool is displayed on the combined balance sheet as cash. At year end, the carrying amount of the Commission's deposits on the books and the balance per bank are as follows:

<u>Depository</u>	<u>Balance Per Books</u>	<u>Balance Per Bank</u>
Petty Cash	\$ 100.00	\$ -
Zions Bank	13,829.62	22,253.74
PTIF - State of Utah	<u>208,064.44</u>	<u>208,064.44</u>
	<u>\$221,994.06</u>	<u>\$230,318.18</u>

Reconciliation items as to the difference between the Balance per Book and the Balance per Bank are as follows:

Balance Per Bank	\$230,318.18
Deposits in Transit	13,411.02
Petty Cash	<u>100.00</u>
	\$243,829.20
Outstanding Checks	<u>(21,835.14)</u>
Balance per Books	<u>\$221,994.06</u>

Of the Balance per Bank, \$22,253.74 is covered by federal depository insurance and the balance of \$208,064.44 was covered by collateral held by the Utah State Treasurer in the Public Treasurer's Investment Fund (PTIF) in the Pool's name. During the fiscal year ended 6-30-06 the Commission invested only in the PTIF of Utah.

c. Litigation

There is no pending litigation concerning the commission at this time.

D. Subsequent Events

There are no known subsequent events that will have a material impact on the operation of the commission.

BEAR LAKE REGIONAL COMMISSION

Notes to Financial Statements

June 30, 2006

E. Contracts in Progress

Various contracts are on-going and span several fiscal years. Their fund balances represent assets available to continue the projects into the next fiscal year.

On-going contracts at 6-30-06 are: Pacificorp, Idaho DOT Border/RJ and CP, the Bear Lake Convention and Visitors Bureau, Bear River Information and Education and its match, and the Local Fund.

Pacificorp has an on-going contract in which they grant \$25,000 per year to the Commission in two payments of \$12,500. Pacificorp also gave 1000.00 for weed control on lands around Bear Lake.

All other contracts are funded on a year to year basis with their fund balances shown as zero at 6-30-06.

F. Employees Retirement Program

Public Employee Retirement System of Idaho - The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each year of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the Commission and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2006, the required contribution rate as a percentage of covered payroll for general members was 6.23%. The employer rate as a percentage of covered payroll was 10.39% for general members.

The Commission's contributions required and paid were \$25,913.28, \$24,547.68, and \$22,563.96 for the three years ended June 30, 2006, 2005, and 2004, respectively.

BEAR LAKE REGIONAL COMMISSION

Notes to Financial Statements

June 30, 2006

G. Medical Insurance Buy Down

The Bear Lake Regional Commission started a program to buy down medical insurance deductible for employees and their families beginning in 1999. The Commission, which provides medical insurance for employees, pays less for monthly coverage by raising the deductible on each covered individual to \$2,000 deductible. The savings are accumulated in the Internal Service Fund. Of the \$2,000 deductible, each insured member is responsible for \$250 and the Commission is responsible for the balance of \$1,750. There are two employees and their families enrolled with two deductibles per family and one employee with one deductible. As a result, the Commission is potentially liable for \$8,750 of insurance deductible payments annually should all five deductibles be met.

Insurance Deductible Fund

	<u>Revenue</u>	<u>Expenses</u>	<u>Balance</u>
1999	5,091	3,657	1,434
2000	5,553	990	4,563
2001	5,834	8,031	(2,197)
2002	6,000	150	5,850
2003	7,200	3,082	4,118
2004	7,200	2,546	4,654
2005	7,200	1,644	5,556
2006	<u>7,200</u>	<u>5,635</u>	<u>1,565</u>
Balance 6-30-06	<u>51,278</u>	<u>25,735</u>	<u>25,543</u>

H. Expenditures - Line Items Over Budget

Several line item expenditures are over budget. However, the Commission budgeted a contingency amount which covered the overages and left total expenditures \$24,000.00 under budget.

REQUIRED SUPPLEMENTARY INFORMATION

BEAR LAKE REGIONAL COMMISSION

**Schedule of Revenue, Expenditures
and Changes in Fund Balance - Budget & Actual
General Fund**

For the Fiscal Year Ended June 30, 2006

	General Fund			Variance with
	Budgeted Amounts			Final Budget
<u>Revenue</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
Services	35,685	35,685	31,933	(3,752)
Private Grants	26,000	26,000	26,000	-
Federal & State	308,325	271,981	380,003	108,022
Local Contributions	38,000	38,000	38,000	-
Interest on Savings	-	-	(8,124)	8,124
Total Revenue	<u>408,010</u>	<u>371,666</u>	<u>484,060</u>	<u>112,394</u>
<u>Expenditures</u>				
Overhead	24,060	23,910	22,817	1,093
Salaries	155,910	155,910	155,916	(6)
Benefits	63,060	63,060	62,728	332
Supplies	27,000	16,644	14,192	2,452
Travel	17,000	17,000	18,243	(1,243)
Equipment & Maintenance	-	-	-	-
Printing	1,000	500	195	305
Sub-Contract	68,000	70,485	65,740	4,745
Miscellaneous	9,800	8,167	8,032	135
Other	42,180	15,990	-	15,990
Total Expenditure	<u>408,010</u>	<u>371,666</u>	<u>347,863</u>	<u>23,803</u>
Excess Revenues (Expenditures)	<u>-</u>	<u>-</u>	136,197	<u>136,197</u>
<u>Other Financing Sources(Uses)</u>				
Total Other Financing Sources(Uses)			-	
Net Change in Fund Balances			136,197	
Fund Balance Beginning			<u>57,992</u>	
Fund Balance Ending			<u>194,189</u>	

*The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

BEAR LAKE REGIONAL COMMISSION
Combining Statement of Revenues and Expenditures
and Changes in Fund Balance - General Fund
For the Year Ended June 30, 2006

Revenue:	Combined Total	Utah Dept of Natural Resources	Big Spring Creek	Bear Lake Conv. & Visitors Bureau	Local	Utah Power Light	Idaho Dept Health & Welfare
Services-Other	31,933			31,933			
Private Grants	26,000					25,000	
Federal & State	380,003	78,700			38,000		50,000
Local Funds	38,000				8,124		
Interest	8,124				46,124		
Total Revenues	484,060	78,700	-	31,933	46,124	25,000	50,000
Expenditures:							
Overhead	22,817	6,708	-	2,023	4,690	828	4,803
Salaries	155,916	45,673	-	21,576	11,190	-	28,328
Benefits	62,728	17,618	-	7,081	5,958	-	11,458
Supplies	14,192	-	-	-	-	-	-
Travel	18,243	3,837	28	2,023	4,051	-	2,398
Equipment	-	-	-	-	-	-	-
Printing	195	-	-	-	82	-	108
Sub-Contract	65,740	1,099	1,580	100	405	-	1,036
Miscellaneous	8,032	3,765	-	11	2,244	-	1,869
Total Expenditures	347,863	78,700	1,608	32,814	28,620	828	50,000
Excess Revenues over							
(under) Expenditures	136,197	-	(1,608)	(881)	17,504	24,172	-
Beginning Balance	57,992	-	-	881	19,267	9,310	-
Interfund Transfer	-	-	-	-	-	-	-
Transfers Matching	-	-	-	-	(8,529)	(28,630)	-
Transfers Others	-	-	1,608	-	(3,785)	(2,156)	-
Ending Balance	<u>194,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,457</u>	<u>2,696</u>	<u>-</u>

* The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION
Combining Statement of Revenues and Expenditures
and Changes in Fund Balance - General Fund
For the Year Ended June 30, 2006

<u>Revenue:</u>	Thomas Fork Idaho 319KW	Thomas Fork Idaho 319KW	Bear River Info & Education Match	Bear River Info & Education Match	Pacificorp Weed Control	Utah 319 BR/NW	Utah 319 BR/NW Match
Services							
Private Grants					1,000		
Federal & State	34,159		11,863				
Local Funds							
Interest							
Total Revenues	<u>34,159</u>	<u>-</u>	<u>11,863</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
<u>Expenditures:</u>							
Overhead	1,244	220	864	72	-	29	40
Salaries	11,012	6,025	6,624	1,420	-	491	647
Benefits	4,632	2,729	2,872	628	-	237	307
Supplies	6,363	-	109	-	1,000	-	-
Travel	1,686	-	1,251	-	-	61	-
Equipment	-	-	-	-	-	-	-
Printing	5	-	-	-	-	-	-
Sub-Contract	11,373	12,244	-	-	-	-	-
Miscellaneous	-	-	143	-	-	-	-
Total Expenditures	<u>36,315</u>	<u>21,218</u>	<u>11,863</u>	<u>2,120</u>	<u>1,000</u>	<u>818</u>	<u>994</u>
Excess Revenues over							
(under) Expenditures	(2,156)	(21,218)	-	(2,120)	-	(818)	(994)
Beginning Balance	-	2,509	1,199	18,415	-	-	-
Transfers Matching	-	28,630	-	7,535	-	-	994
Transfers Others	<u>2,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>818</u>	<u>-</u>
Ending Balance	<u>-</u>	<u>9,921</u>	<u>1,199</u>	<u>23,830</u>	<u>-</u>	<u>-</u>	<u>-</u>

* The accompanying notes are an integral part of this statement.

BEAR LAKE REGIONAL COMMISSION
Combining Statement of Revenues and Expenditures
and Changes in Fund Balance - General Fund
For the Year Ended June 30, 2006

Revenue:	ID DOT Border/RJ	Wildlife Coop AGR	Stevens Grant Fuel Reduction	ID DOT Border/CP
Services				
Private Grants				
Federal & State	78,000	5,281	-	122,000
Local Funds				
Interest				
Total Revenues	<u>78,000</u>	<u>5,281</u>	<u>-</u>	<u>122,000</u>
Expenditures:				
Overhead	1,144	6	30	116
Salaries	21,405	87	800	638
Benefits	8,546	16	354	292
Supplies	1,405	5,315	-	-
Travel	2,838	-	32	38
Equipment	-	-	-	-
Printing	-	-	-	-
Sub-Contract	37,882	-	-	21
Miscellaneous	-	-	-	-
Total Expenditures	<u>73,220</u>	<u>5,424</u>	<u>1,216</u>	<u>1,105</u>
Excess Revenues over (under) Expenditures	4,780	(143)	(1,216)	120,895
Beginning Balance	-	-	-	6,411
Transfers Matching	-	-	-	-
Transfers Others	-	143	1,216	-
Ending Balance	<u>4,780</u>	<u>-</u>	<u>-</u>	<u>127,306</u>

* The accompanying notes are an integral part of this statement.

INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS

GARY H. TEUSCHER
Certified Public Accountant
110 North 8th Street
Montpelier, Idaho 83254

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Executive Committee
Bear Lake Regional Commission
Fish Haven, Idaho 83261

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bear Lake Regional Commission, as of and for the year ended June 30, 2006, which collectively comprise the Commission's basic financial statements and have issued my report thereon dated August 29, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Bear Lake Regional Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to the Commission in a separate letter dated August 29, 2006.

This report is intended solely for the information and use of the Bear Lake Regional Commission, its management and the Auditors of the States of Utah and Idaho, and is not intended to be and should not be used by anyone other than these specified parties.



August 29, 2006

GARY H. TEUSCHER
Certified Public Accountant
110 North 8th Street
Montpelier, Idaho 83254

**INDEPENDENT AUDITOR'S REPORT ON
STATE OF UTAH LEGAL COMPLIANCE**

Executive Committee
Bear Lake Regional Commission
Fish Haven, Idaho 83261

I have audited the financial statements of the Bear Lake Regional Commission for the year ended June 30, 2006, and have issued my report thereon dated August 29, 2006. As part of my audit, I have audited the Commission's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The Commission received the following major State assistance programs from the State of Utah:

State of Utah Base Funding (Dept. of Natural Resources)

The Commission did not receive any nonmajor grants during the year ended June 30, 2006. My audit also included testwork in the Commission's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Dept.
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Other Compliance Requirements

The management of the Commission is responsible for the Commission's compliance with all compliance requirements identified above. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed that several line item expenditures were over budget. However, the Commission budgeted a contingency amount which covered the overages and left total expenditures \$24,000.00 under budget.

In my opinion, the Commission complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.



August 29, 2006

GARY H. TEUSCHER
Certified Public Accountant
110 North 8th Street
Montpelier, Idaho 83254

Executive Committee
Bear Lake Regional Commission
Fish Haven, ID 83261

In planning and performing my audit of the financial statements of the Bear Lake Regional Commission for the year ended June 30, 2006, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. During the performance of my audit I noted no matters involving the internal control structure and its operation that I considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Bear Lake Regional Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted no reportable conditions that could be believed to be material weaknesses.

I did, however, note certain matters involving the internal control structure and its operation that the Commission should consider.

As in the past, the Commission employs only one executive assistant who has the following duties: 1) open the mail 2) make deposits 3) write out the checks 4) reconcile the bank account 5) posts the checks and payroll reports to the computer along with receipts and 6) all other duties of a clerk performing the accounting and payroll functions. These functions would be separated in a governmental agency that employs more secretaries or which has various departments to complete its accounting and payroll functions.

The Commission has, in response to prior year audit comments, assigned the Deputy Director the following duties:

1. Verifies the bank reconciliation each month
2. Opens the mail on a periodic basis
3. Generates billings for the Commission
4. Tracks expenses monthly and generates a report for management
5. Processes all money transfers between banks

As in past years, the Commission's accounting records are in excellent condition. All entries are fully documented and filed as to be readily available. The staff has been forth coming in any request I have made for information or clarification. It has been a pleasure to work with them this audit year.

It is in the interest of the Management and the Executive Committee to do everything possible to safeguard assets of the Commission. This can be accomplished by continuing efforts by all concerned to segregate duties, combine duties, and assign duties to members of management and or to committee members in such a way that errors and irregularities would be detected, and corrected by employees of the Commission.

This report is intended solely for the information and use of the Executive Committee, Management and the States of Idaho and Utah state and legislative auditors. However, this report is a matter of public record and its distribution is not limited.

August 29, 2006

